1984 Performance of Top U.S. Banking Companies

By Peer Group and Ranked by Three Measures of Performance

A. Listed in Order of **Return on Average Assets**

B. Listed in Order of **Return on Average Equity**

C. Listed in Order of **% Change in Earnings/Share**

MONEY CENTER BANKS

ROA Rank 1984	1983		1984	1983
1	1	Republic New York Corp.	0.91	0.90
2	2	J.P. Morgan & Co., Inc.	0.87	0.79
3	4	Bank of Boston Corp.	0.79	0.72
4	6	Bankers Trust New York Corp.	0.71	0.66
5	7	Chemical New York Corp.	0.63	0.64
6	5	Citicorp, New York	0.62	0.67
7	3	Mellon Bank Corp., Pittsburgh	0.57	0.76
8	8	Manufacturers Hanover Corp.,	0.50	0.55
9	11	Irving Bank Corp.	0.48	0.48
10	9	Chase Manhattan Corp.	0.48	0.54
11	12	Harris Bankcorp., Inc.	0.42	0.41
12	13	Northern Trust Corp.	0.34	0.29
13	10	First Chicago Corp.	0.22	0.53
14	14	Continental Illinois Corp.	-3.03	0.27
		MEAN VALUES FOR GROUP	**0.32**	**0.59**
		MEAN (EXCLUDE CONT.ILL.)	**0.58**	**0.61**

ROE Rank 1984	1983		1984	1983
1	3	Bankers Trust New York Corp.	16.30	16.25
2	4	J.P. Morgan & Co., Inc.	15.82	15.37
3	2	Citicorp	15.07	16.38
4	7	Bank of Boston Corp.	14.94	14.35
5	5	Chemical New York Corp.	14.32	15.13
6	1	Republic New York Corp.	12.97	16.97
7	10	Irving Bank Corp.	11.70	11.98
8	8	Manufactureres Hanover Corp.	11.60	13.36
9	6	Mellon Bank Corp.	10.33	14.57
10	9	Chase Manhattan Corp.	10.16	12.96
11	12	Harris Bankcorp., Inc.	8.21	8.01
12	14	Northern Trust Corp.	5.71	5.36
13	11	First Chicago Corp.	3.51	11.36
14	13	Continental Illinois Corp.	-91.82	6.14
		MEAN VALUES FOR GROUP	**4.20**	**12.73**
		MEAN (EXCLUDE CONT.ILL.)	**11.59**	**13.23**

EPS Rank 1984	1983		1984	1983
1	13	Harris Bankcorp., Inc.	31.4	-13.1
2	7	J. P. Morgan & Co., Inc.	15.4	10.4
3	12	Bankers Trust New York Corp	13.3	2.5
4	6	Bank of Boston Corp.	12.8	10.9
5	14	Northern Trust Corp.	8.0	-44.0
6	10	Irving Bank Corp.	5.1	6.5
7	5	Chemical New York Corp.	2.4	13.0
8	11	Republic New York Corp.	0.4	4.0
9	4	Citicorp.	-0.5	15.7
10	9	Manufacturers Hanover Corp.	-14.9	7.6
11	2	Chase Manhattan Corp.	-17.8	41.8
12	8	Mellon Bank Corp.	-24.2	8.9
13	1	First Chicago Corp.	-69.6	65.4
14	3	Continental Illinois Corp.	--	34.9
		MEAN VALUES FOR GROUP	**-2.9**	**11.8**
		MEAN (EXCLUDE CONT.ILL.)	**-2.9**	**10.0**

$10 BILLION-ASSET BANKS

ROA Rank 1984	1983		1984	1983
1	2	PNC Financial Corp.	1.09	1.02
2	1	Texas Commerce Bcsh, Inc.	0.98	1.09
3	--	Barnett Banks of Florida, Inc.	0.94	0.98
4	--	National City Corp.	0.90	0.77
5	--	First National State Bancorp.	0.85	0.91
6	4	NCNB Corp.	0.83	0.80
7	8	Bank of New York Co., Inc.	0.80	0.71
8	3	MCorp.	0.77	0.96
9	9	NBD Bancorp., Inc.	0.71	0.68
10	7	Security Pacific Corp.	0.71	0.71
11	5	RepublicBank Corp.	0.68	0.75
12	12	First Interstate Bancorp.	0.64	0.60
13	6	First Bank System, Inc.	0.63	0.72
14	11	Wells Fargo & Co.	0.62	0.61
15	17	InterFirst Corp.	0.57	-0.82
16	14	First City Bancorp of Texas, Inc.	0.50	0.32
17	13	Marine Midland Banks, Inc.	0.39	0.48
18	10	Norwest Corp.	0.34	0.67
19	15	BankAmerica Corp.	0.29	0.32
20	16	Crocker National Corp.	-1.40	-0.04
		MEAN VALUES FOR GROUP	**0.59**	**0.61**
		MEAN (EXLUDE CROCKER)	**0.70**	**0.65**

ROE Rank 1984	1983		1984	1983
1	--	First National State Bancorp.	18.98	16.36
2	--	Barnett Banks of Florida, Inc.	18.53	19.67
3	3	NCNB Corp.	16.88	16.19
4	1	Texas Commerce Bcsh, Inc.	16.76	18.72
5	5	PNC Financial Corp.	16.65	16.10
6	6	Bank of New York Co., Inc.	16.09	15.74
7	4	Security Pacific Corp.	15.54	16.16
8	15	First City Bancorp of Texas, Inc.	14.94	4.80
9	7	RepublicBank Corp	13.21	14.09
10	10	Wells Fargo & Co.	12.89	12.47
11	9	First Interstate Bancorp.	12.84	13.02
12	2	MCorp	12.68	17.50
13	--	National City Corp.	12.16	11.77
14	8	First Bank System, Inc.	11.99	13.25
15	12	NBD Bancorp., Inc.	11.44	10.56
16	17	InterFirst Corp.	10.53	-15.64
17	13	Marine Midland Banks, Inc.	8.16	10.18
18	14	BankAmerica Corp.	6.05	7.52
19	11	Norwest Corp.	5.32	11.66
20	16	Crocker National Corp.	-31.61	-1.09
		MEAN VALUES FOR GROUP	**11.00**	**11.45**
		MEAN (EXLUDE CROCKER)	**13.24**	**12.11**

EPS Rank 1984	1983		1984	1983
1	15	First City Bancorp of Texas, Inc.	60.2	-65.1
2	--	National City Corp.	27.9	13.6
3	--	First National State Bancorp.	20.3	10.5
4	--	Barnett Banks of Florida, Inc.	18.9	33.2
5	11	NBD Bancorp., Inc.	17.0	0.9
6	4	PNC Financial Corp.	15.0	11.2
7	9	Wells Fargo & Co.	13.6	3.8
8	3	Bank of New York Co., Inc.	12.3	14.5
9	2	NCNB Corp.	10.6	15.7
10	5	Security Pacific Corp.	9.7	10.7
11	7	First Interstate Bancorp.	6.9	7.7
12	10	Texas Commerce Bcsh, Inc.	2.5	3.0
13	13	RepublicBank Corp.	1.1	-10.5
14	6	First Bank System, Inc.	-1.9	10.4
15	12	MCorp	-10.6	-3.6
16	8	Marine Midland Banks, Inc.	-14.0	6.8
17	14	BankAmerica Corp.	-18.8	-16.2
18	1	Norwest Corp.	-53.1	31.5
19	16	Crocker National Corp.	--	-117.4
20	17	InterFirst Corp.	--	-174.2
		MEAN VALUES FOR GROUP	**6.53**	**-10.71**
		MEAN (EXLUDE CROCKER)	**6.53**	**-10.71**

$5-to-$10 BILLION-ASSET BANKS

ROA Rank 1984	1983		1984	1983
1	--	Trust Company of Georgia	1.57	1.52
2	2	Banc One Corp.	1.33	1.35
3	1	Allied Bancshares, Inc.	1.33	1.46
4	4	Wachovia Corp.	1.28	1.20
5	5	Fleet Financial Group, Inc.	1.24	1.12
6	6	First Union Corp., Inc.	1.22	1.10
7	16	AmeriTrust Corp.	1.20	0.90
8	12	CoreStates Financial Corp.	1.17	0.97
9	3	Norstar Bancorp., Inc.	1.16	1.27
10	9	Sovran Financial Corp	1.12	0.98
11	--	Key Banks Inc.	1.07	1.06
12	--	Hartford National Corp.	1.06	0.95
13	13	United Virginia Bksh., Inc.	1.01	0.96
14	11	Midlantic Banks, Inc.	1.00	0.98
15	14	Citizens & Southern Ga. Corp.	0.98	0.93
16	7	First Atlanta Corp.	0.97	1.09
17	--	Meridian Bancorp., Inc.	0.95	0.89
18	--	Florida National Banks of Florida	0.91	1.21
19	20	Rainier Bancorp.	0.91	0.79
20	17	U.S. Bancorp.	0.88	0.88
21	19	Mercantile Bancorp., Inc.	0.87	0.82
22	--	Society Corp.	0.85	0.74
23	34	Huntington Bancshares, Inc.	0.83	0.47
24	21	Maryland National Corp.	0.80	0.77
25	--	BayBanks, Inc.	0.78	0.77
26	30	Shawmut Corp.	0.77	0.62
27	24	Texas American Bksh, Inc.	0.77	0.71
28	23	CBT Corp.	0.77	0.74
29	10	Fidelcor, Inc.	0.77	0.98
30	31	Valley National Corp.	0.75	0.62
31	18	Sun Banks, Inc.	0.72	0.85
32	26	Southeast Banking Corp.	0.71	0.67
33	27	Bank of New England Corp.	0.70	0.66
34	29	Manufacturers National Corp.	0.66	0.64
35	25	First Wisconsin Corp.	0.64	0.70
36	28	Comerica, Inc.	0.63	0.65
37	--	Riggs National Corp	0.58	0.60
38	33	Union Bank	0.57	0.54
39	36	National Westminster Bank USA	0.50	0.36
40	--	First Security Corp.	0.48	0.46
41	35	Centerre Bancorp.	0.44	0.43
42	38	Michigan National Corp.	0.32	0.24
43	40	First Pennsylvania Corp.	0.28	-0.31
44	39	European American Bancorp.	-1.59	0.23
		MEAN VALUES FOR GROUP	**0.82**	**0.81**

ROE Rank 1984	1983		1984	1983
1	--	Trust Company of Georgia	24.18	24.46
2	1	Allied Bancshares, Inc.	22.61	23.54
3	4	First Atlanta Corp.	18.98	19.43
4	6	Wachovia Corp.	18.90	18.25
5	5	Banc One Corp.	18.20	18.43
6	9	First Union Corp., Inc.	18.19	17.67
7	11	Midlantic Banks, Inc.	18.05	16.64
8	8	CoreStates Financial Corp.	17.79	17.71
9	7	Fleet Financial Group, Inc.	17.76	17.89
10	--	Hartford National Corp.	17.74	15.71
11	14	Citizens & Southern Ga. Corp.	17.55	16.33
12	12	Sovran Financial Corp.	17.22	16.45
13	10	United Virginia Bksh., Inc.	16.51	16.71
14	17	Bank of New England Corp.	15.99	14.45
15	--	Key Banks, Inc.	15.95	14.81
16	--	Florida National Banks of Fla.	15.13	15.68
17	3	Fidelcor Inc.	15.03	19.45
18	18	CBT Corp.	14.84	13.59
19	33	Huntington Bancshares, Inc.	14.80	9.51
20	--	Meridian Bancorp., Inc.	14.71	13.08
21	20	Rainier Bancorp.	14.62	12.51
22	--	Society Corp.	14.05	11.45
23	--	BayBanks, Inc.	13.85	12.97
24	25	Shawmut Corp.	13.83	11.76
25	16	Norstar Bancorp., Inc.	13.55	14.62
26	27	Maryland National Corp.	13.53	11.59
27	30	Valley National Corp.	13.25	10.80
28	19	Mercantile Bancorp., Inc.	12.77	12.71
29	23	Southeast Banking Corp.	12.61	11.84
30	28	Texas American Bksh, Inc.	12.29	11.36
31	15	Sun Banks, Inc.	12.25	14.97
32	22	Manufacturers National Corp.	12.23	12.12
33	--	Riggs National Corp.	12.15	11.29
34	26	Comerica, Inc.	11.97	11.66
35	29	U.S. Bancorp.	11.94	11.28
36	34	AmeriTrust Corp.	10.83	8.29
37	21	First Wisconsin Corp.	10.26	12.46
38	31	Union Bank	10.20	10.40
39	36	National Westminster Bank USA	7.99	5.82
40	35	Centerre Bancorp.	7.76	7.16
41	--	First Security Corp.	6.66	6.24
42	39	Michigan National Corp.	6.20	4.50
43	40	First Pennsylvania Corp.	-2.63	-11.97
44	37	European American Bancorp.	-39.14	5.17
		MEAN VALUES FOR GROUP	**12.80**	**12.97**

EPS Rank 1984	1983		1984	1983
1	36	Huntington Bancshares, Inc.	70.5	-36.3
2	5	National Westminster Bank USA	58.1	44.7
3	32	AmeriTrust Corp.	37.3	-9.3
4	31	Valley National Corp.	32.4	-9.3
5	26	Shawmut Corp.	31.0	-0.6
6	30	Maryland National Corp	28.1	-8.2
7	10	Rainier Bancorp.	27.8	18.9
8	29	Bank of New England Corp.	22.4	-3.7
9	--	Meridian Bancorp., Inc.	22.0	0.2
10	--	Trust Company of Georgia	21.1	28.8
11	7	First Union Corp., Inc.	20.3	25.1
12	17	Citizens & Southern Ga. Corp.	20.2	13.9
13	--	Society Corp.	19.9	8.6
14	34	CBT Corp.	19.6	-17.0
15	3	Wachovia Corp.	18.3	58.0
16	--	Hartford National Corp.	18.0	29.0
17	--	Key Banks, Inc.	17.4	20.3
18	35	Texas American Bksh, Inc.	15.7	-22.1
19	--	BayBanks, Inc.	15.5	-4.7
20	--	Riggs National Corp.	15.1	15.0
21	8	Union Bank	15.0	24.6
22	19	Sovran Financial Corp.	14.8	11.1
23	24	U.S. Bancorp.	14.2	0.7
24	16	Allied Bancshares, Inc.	14.2	15.4
25	14	Banc One Corp.	12.9	17.0
26	22	Fleet Financial Group, Inc.	12.8	9.9
27	9	First Atlanta Corp.	11.8	23.2
28	33	Centerre Bancorp.	11.3	-10.2
29	12	CoreStates Financial Corp.	10.5	17.3
30	4	Manufacturers National Corp.	10.4	47.3
31	13	United Virginia Bankshares, Inc.	10.2	17.2
32	27	Southeast Banking Corp.	9.6	-0.7
33	11	Comerica, Inc.	9.6	18.0
34	--	First Security Corp.	8.6	-60.4
35	28	Mercantile Bancorp., Inc.	5.1	-2.0
36	25	Norstar Bancorp., Inc.	4.4	0.6
37	--	Florida National Banks of Florida	3.7	131.6
38	23	Midlantic Banks, Inc.	2.0	3.6
39	15	Sun Banks, Inc.	-4.2	15.8
40	21	First Wisconsin Corp.	-10.1	10.2
41	2	Fidelcor, Inc.	-14.8	60.7
42	37	European American Bancorp.	-692.1	-36.8
43	1	Michigan National Corp.	--	353.3
44	--	First Pennsylvania Corp.	N.A.	N.A.
		MEAN VALUES FOR GROUP	**-0.21**	**19.04**

The return on assets is based on net income, before extraordinary items. Dashes (—) in the 1983 rank columns for banking companies in the $10 billion asset category indicate that the firm was in the $5-to-$10 billion asset category in 1983. Dashes (—) in the 1983 rank columns for banking companies in the $5-to-$10 billion asset category indicate that these companies were not in this panel last year because their yearend 1983 assets were less than $5 billion. N.A.— Not Applicable.

Data provided by Cates Consulting Analysts, New York.

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Performance . . .

Continued from Page 1

The *American Banker* includes all commercial bank holding companies with assets of $5 billion or more on Dec. 31, 1984, in the survey. It then breaks these 78 companies into three peer groups: 14 money center banks, 20 non-money center banks with assets of $10 billion or more, and 44 companies with total assets of $5 billion to $10 billion.

The mean return on average assets for the money center banks (excluding Continental Illinois National Bank and Trust Co.) fell three basis points, to 0.58% in 1984 from 0.61% in 1983. For the $10 billion regional banks (excluding Crocker National Bank), return on assets rose five basis points, to 0.70% in 1984 from 0.65% in 1983. And for the 44 banks in the $5 billion-plus peer group, return on assets remained strong, rising one basis point last year to 0.82%.

$10 Billion-Plus Banks: Top 5 in R.O.A. for 1984

1. PNC Financial Corp.	1.09
2. Texas Commerce Bsch, Inc.	0.98
3. Barnett Banks of Florida, Inc.	0.94
4. National City Corp.	0.90
5. First National State Bancorp.	0.85

New data from Cates Consulting Analysts' *Bancompare I* show that nonperforming loans had a substantially greater impact on money center banks than on the regional banks.

For example, in 1983 the average net interest margin of 12 of the 14 money center banks in the peer group was 3.31%. (Data were not available for Harris Bankcorp, and Continental Illinois was excluded.) If nonperforming loans had been performing, the average margin would have been 16 basis points higher. Therefore, the impact of these nonperformers was to reduce the net interest margins of the money center group by 4.9% in 1983.

Last year, the net interest margin of these 12 banks rose two basis points to 3.33%. But the net interest margin lost to nonperforming loans rose five basis points to 0.21%, and nonperformers cost the money center banks 6.4% of margin earnings last year.

A sample of six of the 20 regional banks in the $10 billion-plus peer group shows that the net interest margin lost to nonperforming loans remained constant at 14 basis points in 1983 and 1984, reducing margin earnings by 3.4% in 1984, compared with 3.5% in 1983.

A sample of 14 of the 44 banks in the $5 billion-plus peer group shows that the lost net interest margin fell to 10 basis points in 1984 from 14 basis points in 1983. The impact of nonperformers on the net interest margin also fell, from 3% in 1983 to 2.2% in 1984.

The money center bank most affected by nonperforming loans last year was the Manufacturers Hanover Corp. Manufacturers Hanover's net interest margin would have been 30 basis points higher than its reported net interest margin of 3.26% if its nonperformers had been fully performing. Nonperformers cost the bank 9.2% of margin earnings last year.

As a group, money center banks had more international loans than the regional banks. And these loans pushed up the nonperforming loan totals for many money center banks.

The market has perceived the difference between these groups of banks. Whereas all bank stocks initially were affected by the problems with international loans and energy loans, the market is now differentiating between the money center banks and the regional banks.

The ratio of the market value of a

➡ Performance: Page 30

About the Tables

NEW YORK — The statistical tables for the annual performance study were compiled by the *American Banker* from data provided by Cates Consulting Analysts, New York.

The first table is entitled "1984 Performance of Top U.S. Banking Companies." The banking firms are ranked by three measures of performance: return on average assets, return on average equity, and percentage change in earnings per share.

Cates defines **return on average assets** as net income before extraordinary items for the entire year 1984 divided by a daily average of total assets. If daily average assets is not available, Cates uses the mean of Dec. 31, 1983, and Dec. 31, 1984.

Return on average equity is net income minus preferred stock dividends divided by average common shareholders' equity. Here, average equity is computed by taking the mean of Dec. 31, 1983, and Dec. 31, 1984, common equity.

The percentage change in earnings per share is the difference between earnings per share in 1984 and 1983 divided by earnings per share in 1983. Earnings per share is primary, based on net income before extraordinary items, and covers the 12-month period.

In the second table, entitled "How the Market Looks at Banks," the banks are ranked in order of market-to-book value of their stock. In addition, the price-earnings multiple and dividend yield are shown.

Market-to-book value is the stock price divided by the book value per share. Cates uses the bid price on common stock as of Feb. 1, 1985, (or the closest trade date) and divides this by book value per share on Dec. 31, 1984.

The price earnings multiple is the stock price, as defined above, divided by earnings per share.

The dividend yield is the indicated annual dividend divided by the stock price as defined above.

The third table is entitled "Performance Study Peer Groups." This table identifies all banking firms with assets of $5 billion or more on Dec. 31, 1984. The banks are listed in asset-size order within their respective peer grouping. This table was prepared by the *American Banker* statistics department. Banks that are not owned by holding companies are excluded.

The fourth table is a new table called "The Impact of Nonperforming Loans on the Net Interest Margin." This table lists banks by the net interest margin lost on nonperforming loans. The data are from Cates' *Bancompare I*. For the definition of terms, see the footnotes to this table.

— L. Michael Cacace

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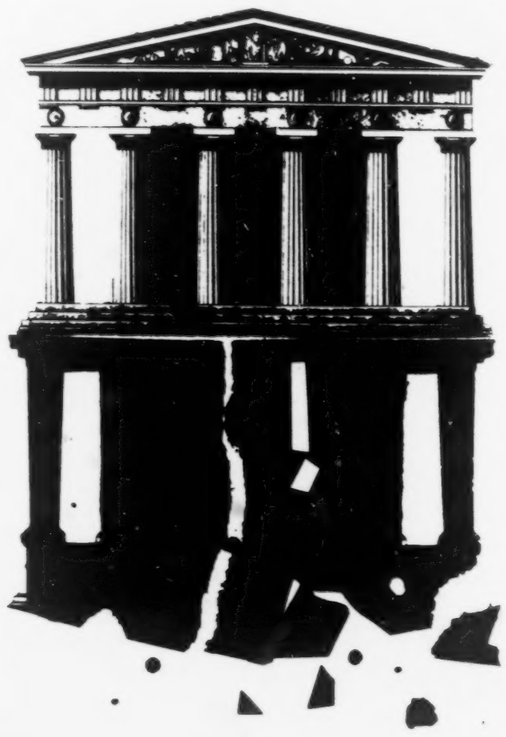

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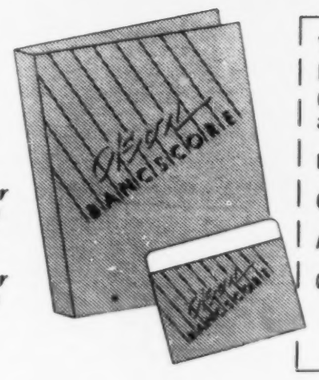

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How the Market Looks at Banks

Listed by Peer Group in Order of Market-to-Book Value of the Bank's Stock

MONEY CENTER BANKS

Mkt-Book Rank 1984	1983		Ratio of Market-to-Book Value 1984	1983	Price Earnings Multiple 1984	1983	Dividend Yield (%) 1984	1983
1	3	J. P. Morgan & Co., Inc.	103.72	101.78	7.13	7.30	5.09	5.21
2	2	Republic New York Corp.	103.31	108.76	7.40	7.27	3.94	4.03
3	5	Bankers Trust New York Corp.	103.05	90.43	6.61	5.85	4.29	4.90
4	4	Citicorp	91.40	90.50	6.49	5.86	4.92	4.95
5	7	Northern Trust Corp.	87.07	86.06	15.39	16.16	4.35	4.48
6	6	Mellon Bank Corp.	83.62	87.60	8.33	6.18	5.53	5.65
7	8	Chemical New York Corp.	80.56	76.98	5.83	5.32	6.25	6.42
8	9	Bank of Boston Corp.	77.02	76.04	5.42	5.47	5.30	5.73
9	11	Irving Bank Corp.	75.72	68.31	6.75	5.95	5.28	6.08
10	10	First Chicago Corp.	68.52	70.20	19.65	6.41	5.65	5.25
11	12	Manufacturers Hanover Corp.	58.72	63.22	5.36	4.85	8.39	7.78
12	13	Chase Manhattan Corp.	55.66	59.08	5.66	4.73	7.16	7.04
13	1	Harris Bankcorp., Inc.	N.A.	119.64	N.A.	15.23	N.A.	1.45
--	14	Continental Illinois Corp.	(a)	48.99	-0.33	8.03	0.00	9.47

$10 BILLION-ASSET BANKS

Mkt-Book Rank 1984	1983		Ratio of Market-to-Book Value 1984	1983	Price Earnings Multiple 1984	1983	Dividend Yield (%) 1984	1983
1	4	Security Pacific Corp.	204.69	102.81	13.89	6.88	4.44	4.50
2	2	NCNB Corp.	140.44	117.83	9.06	7.54	3.58	4.04
3	--	Barnett Banks of Florida, Inc.	139.27	139.79	8.35	8.60	2.97	3.03
4	3	PNC Financial Corp.	122.24	117.52	7.70	7.62	4.63	4.68
5	1	Texas Commerce Bcsh, Inc.	113.54	141.05	7.23	8.09	3.83	3.19
6	--	National City Corp.	104.76	76.17	7.48	6.63	4.66	6.73
7	--	First National State Bancorp.	98.58	88.34	6.76	5.50	6.03	6.60
8	12	Wells Fargo & Co.	93.84	82.69	7.70	6.86	4.09	5.22
9	9	Bank of New York Co., Inc.	90.35	85.78	5.90	5.72	4.87	5.64
10	5	MCorp	89.00	98.13	6.25	6.22	6.29	5.20
11	7	First Interstate Bancorp.	88.22	89.62	7.35	7.38	5.17	5.27
12	13	First Bank System, Inc.	87.65	80.11	7.83	6.32	4.55	5.23
13	15	NBD Bancorp., Inc.	81.91	62.85	7.48	6.22	4.06	5.24
14	10	RepublicBank Corp.	81.43	85.31	6.49	6.37	5.42	5.58
15	8	Norwest Corp.	74.31	86.64	13.95	7.69	6.79	5.78
16	6	InterFirst Corp.	70.12	92.14	6.89	-5.28	4.95	8.06
17	14	BankAmerica Corp.	66.10	78.80	10.81	10.44	7.95	6.68
18	16	Marine Midland Banks, Inc.	60.76	50.92	7.71	5.18	4.98	5.57
19	11	First City Bancorp of Texas, Inc.	60.27	83.47	7.61	16.46	8.67	6.42
20	17	Crocker National Corp.	59.63	48.25	-1.58	-45.05	1.59	8.46

$5-$10 BILLION-ASSET BANKS

Mkt-Book Rank 1984	1983		Ratio of Market-to-Book Value 1984	1983	Price Earnings Multiple 1984	1983	Dividend Yield (%) 1984	1983
1	--	Trust Company of Georgia	211.99	217.07	9.54	9.70	2.86	4.07
2	4	Wachovia Corp.	193.38	146.57	10.89	8.53	2.72	3.83
3	1	Allied Bancshares, Inc.	180.03	201.62	8.61	9.27	3.38	3.22
4	2	Banc One Corp.	168.33	198.17	9.98	11.47	3.83	3.28
5	6	Citizens & Southern Georgia Cp.	165.18	129.95	10.01	8.40	2.83	4.03
6	7	First Union Corp., Inc.	148.94	128.21	8.60	7.61	2.63	3.32
7	--	Florida National Banks of Florida	137.41	115.70	9.57	6.87	2.23	2.65
8	3	First Atlanta Corp.	136.22	155.38	7.68	8.50	3.45	3.01
9	9	Fleet Financial Group, Inc.	135.96	120.78	8.29	7.34	4.09	4.35
10	8	Sovran Financial Corp.	130.50	122.46	8.09	7.77	4.39	4.69
11	--	Hartford National Corp.	129.23	109.95	7.63	6.72	5.52	5.75
12	16	CoreStates Financial Corp.	124.90	99.49	7.42	5.79	4.45	5.64
13	14	United Virginia Bankshares, Inc.	124.02	111.02	7.83	7.00	3.95	4.32
14	--	Key Banks, Inc.	120.36	99.97	7.92	7.04	4.98	5.06
15	11	Sun Banks, Inc.	119.61	115.53	10.21	8.77	3.98	4.44
16	13	Midlantic Banks, Inc.	119.14	112.13	7.21	5.92	3.80	4.21
17	12	Norstar Bancorp., Inc.	114.03	114.91	7.97	7.82	6.34	5.89
18	18	Rainier Bancorp.	113.66	96.41	8.19	8.01	6.87	4.48
19	15	Valley National Corp.	112.72	100.27	8.89	9.56	3.75	4.46
20	20	Huntington Bancshares, Inc.	110.50	94.05	7.59	9.97	4.11	4.85
21	--	BayBanks, Inc.	108.99	96.27	8.21	7.71	4.56	5.10
22	25	Maryland National Corp.	108.09	83.61	8.40	7.52	3.17	3.86
23	10	Texas American Bankshares, Inc.	104.77	116.50	8.87	10.42	4.22	3.99
24	19	Southeast Banking Corp.	103.45	95.69	8.45	8.18	4.30	4.38
25	26	CBT Corp.	103.06	82.89	7.28	6.35	4.65	5.81
26	--	Meridian Bancorp., Inc.	102.33	83.38	7.25	6.62	5.75	7.04
27	--	Society Corp.	99.70	74.93	7.46	6.84	4.20	5.16
28	23	Bank of New England Corp.	99.47	86.57	6.47	6.25	4.69	5.45
29	27	Shawmut Corp.	99.17	82.50	7.14	7.28	5.01	5.44
30	24	Fidelcor, Inc.	95.12	84.51	6.61	4.49	4.92	5.57
31	22	U.S. Bancorp	94.16	86.97	8.20	8.02	4.00	4.26
32	--	Riggs National Corp.	93.95	96.77	8.02	8.85	5.00	5.22
33	28	Comerica, Inc.	90.75	79.86	7.85	7.06	5.56	6.45
	31	Mercantile Bancorp., Inc.	87.00	71.84	7.05	5.70	5.80	7.01
	33	AmeriTrust Corp.	85.81	69.65	8.19	8.56	4.74	6.13
36	30	First Pennsylvania Corp.	84.75	76.03	-53.85	-6.03	0.00	0.00
	37	Michigan National Corp.	78.96	61.64	13.12	13.79	0.00	6.40
	36	Manufacturers National Corp.	78.14	65.21	6.63	5.63	4.10	4.27
	--	First Security Corp.	76.02	78.87	11.58	12.71	5.00	4.94
	34	First Wisconsin Corp.	74.90	69.53	7.54	5.89	4.68	4.94
	35	Centerre Bancorp.	70.94	66.61	9.26	9.40	6.37	6.99
--	--	Union Bank	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
--	--	European American Bancorp.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
--	--	National Westminster Bank USA	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(a) To avoid a distortion of survey results, the 1984 ratio market-to book value for Continental Illinois Corp was not used.
N.A.— Not Applicable.

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Performance Study Peer Groups*

In order of total resources on 12/31/83

Peer Asset Rank		Assets 12/31/83
	MONEY CENTER BANKS	
1	Citicorp, New York	134,655,000,000
2	Chase Manhattan Corp., New York	81,921,449,000
3	Manufacturers Hanover Corp., New York	64,332,000,000
4	J.P. Morgan & Co., Inc., New York	58,023,000,000
5	Chemical New York Corp.	51,164,860,000
6	Continental Illinois Corp., Chicago	42,097,371,000
7	Bankers Trust New York Corp.	40,003,359,000
8	First Chicago Corp.	36,323,324,000
9	Mellon National Corp., Pittsburgh	26,433,000,000
10	Bank of Boston Corp.	19,538,000,000
11	Irving Bank Corp., New York	18,586,055,000
12	Republic New York Corp.	10,119,099,000
13	Harris Bankcorp., Chicago	7,425,322,000
14	Northern Trust Corp., Chicago	6,438,196,000
	$10 BILLION-ASSET BANKS	
1	BankAmerica Corp., San Francisco	121,175,689,000
2	First Interstate Bancorp., Los Angeles	44,422,997,000
3	Security Pacific Corp., Los Angeles	40,382,000,000
4	Wells Fargo & Co., San Francisco	27,017,621,000
5	Crocker National Corp., San Francisco	23,393,460,000
6	Marine Midland Banks, Inc., Buffalo, N.Y.	22,872,245,000
7	InterFirst Corp., Dallas	21,736,000,000
8	First Bank System, Inc., Minneapolis	20,871,147,000
9	Norwest Corp., Minneapolis	19,854,235,000
10	Texas Commerce Bancshares, Inc., Houston	19,499,000,000
11	RepublicBank Corp., Dallas	19,081,721,000
12	First City Bancorp. of Texas, Inc., Houston	17,262,782,000
13	NBD Bancorp. Inc., Detroit	13,244,777,000
14	NCNB Corp., Charlotte, N.C.	12,807,706,000
15	Bank of New York Co., Inc.	12,797,199,000
16	PNC Financial Corp., Pittsburgh	12,244,896,000
17	Mercantile Texas Corp., Dallas	11,883,744,000
	$5-$10 BILLION-ASSET BANKS	
1	Barnett Banks of Florida, Inc., Jacksonville	9,396,921,000
2	Sun Banks, Inc., Orlando, Fla. (c)	8,901,312,000
3	Southeast Banking Corp., Miami	8,884,000,000
4	European American Bancorp., New York	8,712,632,000
5	CoreStates Financial Corp., Philadelphia	8,587,300,000
6	Comerica, Inc., Detroit	8,555,307,000
7	Valley National Corp., Phoenix, Ariz.	8,145,940,000
8	Union Bancorp, Los Angeles (a)	8,067,079,000
9	Southwest Bancshares, Inc., Houston	7,988,614,000
10	Allied Bancshares, Inc., Houston	7,895,499,000
11	Wachovia Corp., Winston-Salem, N.C.	7,850,000,000
12	Natwest Holdings, Inc., New York (b)	7,476,847,000
13	Banc One Corp., Columbus, Ohio	7,270,481,000
14	Sovran Financial Corp., Norfolk, Va.	7,187,018,000
15	Citizens & Southern Georgia Corp., Atlanta	6,933,515,000
16	Michigan National Corp., Bloomfield Hills	6,894,204,000
17	First Union Corp., Charlotte, N.C.	6,803,163,000
18	National City Corp., Cleveland	6,585,900,000
19	U.S. Bancorp., Portland, Ore.	6,511,437,000
20	First National State Bancorp., Newark, N.J.	6,416,973,000
21	Midlantic Banks, Inc., Edison, N.J.	6,413,000,000
22	Rainier Bancorp., Seattle	6,412,815,000
23	CBT Corp., Hartford, Conn.	6,072,455,000
24	BancOhio Corp., Columbus	6,062,435,000
25	Manufacturers National Corp., Detroit	5,806,686,000
26	Bank of New England Corp., Boston	5,800,863,000
27	AmeriTrust Corp., Cleveland	5,797,131,000
28	First Atlanta Corp.	5,761,817,000
29	Shawmut Corp., Boston	5,755,176,000
30	Maryland National Corp., Baltimore	5,740,248,000
31	Fleet Financial Group, Inc., Providence, R.I.	5,735,893,000
32	Fidelcor, Inc., Philadelphia	5,661,938,000
33	Mercantile Bancorp., Inc., St. Louis, Mo.	5,508,208,000
34	Huntington Bancshares, Inc., Columbus, Ohio	5,425,909,000
35	United Virginia Bankshares, Inc., Richmond	5,414,776,000
36	Texas American Bankshares, Inc., Ft. Worth	5,409,412,000
37	Centerre Bancorp., St. Louis, Mo.	5,353,886,000
38	Norstar Bancorp., Inc., Albany, N.Y.	5,350,757,000
39	First Pennsylvania Corp., Philadelphia	5,151,888,000
40	First Wisconsin Corp., Milwaukee	5,062,113,000

* Includes all banking firms with assets of $5 billion or more at yearend 1983.
(a) — Data used in the performance study are for Union Bank, the banking subsidiary of the corporation.
(b) — Data used in the performance study are for National Westminster Bank USA, the banking subsidiary of the corporation.
(c) — Includes assets acquired in the yearend merger of Flagship Banks, Inc., Miami, Fla.

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Performance . . .

Continued from Page 25

bank's stock to its book value was 81.5% for the 12 money center banks last year, unchanged from 1983. However, last year this ratio rose to 97.4% from 90.4% for the 20 banks in the $10 billion-plus group. And it rose to 115.5% from 104.9% for 41 of the 44 banks in the $5 billion-plus peer group.

The return on average equity capital at the money center banks — excluding Continental Illinois — fell 164 basis points last year to 11.59% from 13.23% in 1983. At the $10 billion banks — excluding Crocker — return on equity rose 113 basis points to 13.24%. And at the $5 billion-plus banks, return on equity fell by only 17 basis points to 12.80%.

The main reason for the sharp decline in the return on equity at the money center banks is the decline in leverage. According to data from Salomon Brothers Inc., for money center banks the ratio of equity capital to assets rose 140 basis points over the period 1980 to 1984 to 5.5%. Over the same period, this ratio rose only 60 basis points to 6% for regional banks.

The equity capital-to-assets ratio is the inverse of leverage, which is the ratio of average total assets to average equity capital. The decline in leverage was attributable to an increase in equity requirements for these banks, plus a slowdown in asset growth last year, which was due to soft loan demand in many sectors of the international business market.

$5 Billion-Plus Banks: Top 5 in R.O.A. for 1984

1.	Trust Company of Georgia	1.57
2.	Banc One Corp.	1.33
3.	Allied Bancshares, Inc.	1.33
4.	Wachovia Corp.	1.28
5.	Fleet Financial Group, Inc.	1.24

For the third year in a row, the Republic New York Corp. was the top money center bank in return on assets, but the Bankers Trust New York Corp. supplanted it as the top money center bank in return on equity.

Among the regional banks with $10 billion or more in assets, PNC Financial Corp., Pittsburgh, supplanted Texas Commerce Bancshares Inc., Houston, as the top bank in return on assets, and First National State Bancorp., Newark, N.J., supplanted Texas Commerce as the top bank in return on equity.

A newcomer to the survey, Trust Company of Georgia, Atlanta, supplanted Allied Bancshares Inc., Houston, as the top performer in both return on asset and return on equity among the 44 banking firms in the $5 billion-plus peer group.

Republic New York earned 91 basis points on assets in 1984, compared with 90 basis points in 1983. However, its return on equity fell 4% to 12.97%, as it moved down five places in rank to sixth place. Republic is characterized as a money center bank primarily because of the wholesale and international mix of its customer base.

Bankers Trust moved up two places in rank to become the top money center bank in return on average equity with 16.3% last year, compared with 16.25% in 1983. According to the bank's annual report, "Bankers Trust sets its profitability targets in relation to the performance of a select group of financial institutions with which it competes. The corporation has established return on common equity as its ranking goal and it intends to achieve a [return on common equity] that stands preeminent in its competitive universe. In the present environment, that objective would require a return of $20 on each $100 of common equity."

PNC Financial earned 109 basis points on assets last year, compared with 102 in 1983, when it ranked second. According to the bank's annual report, net income rose 22.3% last year, with net interest income rising 18.2% and noninterest income jumping 26.5%. Loan growth was one of the major factors cited for the gain in net interest income. And the 15.2% gain in trust fees — the largest source of noninterest income — was cited as the main reason for the gain in noninterest revenues.

Trust Company of Georgia, Atlanta, earned 157 basis points on assets last year, compared with 152 basis points in 1983. And it brought in 24.18% on equity, compared with 24.46% in 1983. In a press release, chairman Robert Strickland described 1984 as the best year in the company's history, with net income rising 21.7%. "The record earnings achieved last year were due, in large part, to a high level of loans, growth of noninterest income, careful expense control, and a general robust economy throughout the markets we serve," Mr. Strickland said. ■

The Impact of Nonperforming Loans on the Net Interest Margin[1]

Listed by Peer Group in Order of the Net Interest Margin "Lost"

MONEY CENTER BANKS

LNIM 1984		Net Interest Margin Lost (LNIM) 1984	1983	Net Interest Margin (NIM) 1984	1983	LNIM as a % of NIM 1984	1983
1	Manufacturers Hanover Corp.	0.30	0.17	3.26	3.27	9.2	5.2
2	Northern Trust Corp.	0.29	0.36	3.39	3.27	8.6	11.0
3	Chemical New York Corp.	0.29	0.23	3.75	3.86	7.7	6.0
4	Bank of Boston Corp.	0.24	0.23	4.16	4.16	5.8	5.5
5	Chase Manhattan Corp.	0.22	0.22	3.51	3.53	6.3	6.2
6	Bankers Trust New York Corp.	0.20	0.14	2.77	2.84	7.2	4.9
7	Republic New York Corp.	0.20	0.05	2.83	2.87	7.1	1.7
8	First Chicago Corp.	0.20	0.22	2.90	2.57	6.9	8.6
9	Mellon Bank Corp.	0.16	0.09	3.79	3.56	4.2	2.5
10	Irving Bank Corp.	0.15	0.07	3.12	3.07	4.8	2.3
11	J. P. Morgan & Co., Inc.	0.13	0.10	2.90	3.03	4.5	3.3
12	Citicorp	0.12	0.08	3.62	3.73	3.3	2.1
--	Harris Bankcorp., Inc.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
--	Continental Illinois Corp.	(a)					
	Money Center Averages	**0.21**	**0.16**	**3.33**	**3.31**	**6.4**	**4.9**

A SAMPLE OF $10 BILLION-ASSET BANKS[2]

LNIM 1984		Net Interest Margin Lost (LNIM) 1984	1983	Net Interest Margin (NIM) 1984	1983	LNIM as a % of NIM 1984	1983
1	Marine Midland Banks, Inc.	0.25	0.24	3.47	3.50	7.2	6.9
2	Bank of New York Co., Inc.	0.25	0.25	4.14	4.21	6.0	5.9
3	NCNB Corp.	0.12	0.11	4.43	4.28	2.7	2.6
4	PNC Financial Corp.	0.09	0.06	4.28	4.18	2.1	1.4
5	First National State Bancorp.	0.08	N.A.	5.09	N.A.	1.6	N.A.
6	Barnett Banks of Florida, Inc.	0.06	0.05	5.79	5.90	1.0	0.8
--	**Averages for Sample Group**	**0.14**	**0.14**	**4.53**	**4.41**	**3.4**	**3.5**

A SAMPLE OF $5-$10 BILLION-ASSET BANKS[2]

LNIM 1984		Net Interest Margin Lost (LNIM) 1984	1983	Net Interest Margin (NIM) 1984	1983	LNIM as a % of NIM 1984	1983
1	First Pennsylvania Corp.	0.30	0.24	3.38	2.60	8.9	9.2
2	Fidelcor, Inc.	0.22	0.28	4.05	3.77	5.4	7.4
3	Maryland National Corp.	0.18	0.25	5.98	5.56	3.0	4.5
4	Fleet Financial Group, Inc.	0.16	0.24	5.56	4.75	2.9	5.1
5	CBT Corp.	0.10	0.23	4.70	4.67	2.1	4.9
6	CoreStates Financial Corp.	0.09	0.05	6.15	5.66	1.5	0.9
7	Southeast Banking Corp.	0.08	0.06	4.68	4.57	1.7	1.3
8	Midlantic Banks, Inc.	0.07	0.10	5.65	5.35	1.2	1.9
9	Citizens & Southern Georgia Cp.	0.05	0.06	5.69	5.49	0.9	1.1
10	United Virginia Bankshares, Inc.	0.04	0.07	4.96	5.19	0.8	1.3
11	First Union Corp., Inc.	0.04	0.10	5.08	4.95	0.8	2.0
12	Sun Banks, Inc.	0.04	0.05	5.42	5.39	0.7	0.9
13	Wachovia Corp.	0.02	0.04	5.42	5.32	0.4	0.8
14	Sovran Financial Corp.	0.02	0.01	5.66	5.83	0.4	0.2
--	**Averages for Sample Group**	**0.10**	**0.13**	**5.17**	**4.93**	**2.2**	**3.0**

[1] —The impact of nonperforming loans on the net interest margin is measured by expressing the net interest margin lost on nonperforming loans (LNIM) as a percentage of the net interest margin (NIM).

The LNIM is defined as net interest income lost on nonperforming loans expressed as a percentage of average earning assets.

The banks are listed in order of their LNIM. Also shown is the net interest margin for each bank and the impact ratio of LNIM-to-NIM.

[2] — At the time of this writing, only data for a selected sample of banks in this peer group were available.

(a)— Continental Illinois Corp was not included to avoid distortions. N.A.— Not Available.

Source: Bancompare I, Cates Consulting Analysts, New York.

Connecticut Group Boosts Its Holdings in Freedom Savings to 9%

Special to the American Banker

TAMPA, Fla. — A Connecticut real estate development group has increased its holdings in Freedom Savings and Loan Association of Tampa.

F.D. Rich Co. and its major shareholders now hold more than 9% of Freedom, said Robert Klingler, chairman of the Tampa thrift.

The announcement came after heavy trading of the thrift's stock during the past two weeks.

Calling the Connecticut investors "friends of Freedom," Mr. Klinger said he was very pleased with the situation.

Rich, based in Stamford, Conn., is involved in real estate development and construction, said Robert Rich. He and his brother, Frank Rich, are its major shareholders.

They, along with company attorney Lawrence Gochberg and some subsidiary companies, have several stock investments in Freedom, Mr. Rich said. Their original Freedom stock purchase was made about a year ago, he said.

"Several of us have stock in it," he said. "I really don't know how much we have, but I have about 70,000 shares."

Mr. Rich said his company has a long history in real estate development and has had major holdings across the nation and in the Caribbean. Primarily involved in construction of office buildings and major hotels, it has confined most of its recent work to the Stamford area, he said.

Although he does not have any Florida projects, Mr. Rich said he and his partners are interested in securities investments here.

"We have held stock in several Florida financial institutions," he said, including a current investment in Florida Federal.

Characterizing his group as a "friendly and passive investor," Mr. Rich said it was not interested in becoming active participants in Freedom. "It is not unusual for us to move in and out of investments."

While 198,900 shares were reported to have traded June 11, Mr. Rich said his group probably bought less than 50% of them. Venezuelan investor Juan Vincente Perez Sandoval sold 198,700 of those shares for more than $11 per share, Mr. Klingler said.

Prior to the sale, Mr. Perez Sandoval owned 9.9% of Freedom and was one of its largest shareholders. Charles Bazarian of Oklahoma City and Florida investor Harold Vernon each continue to own 9.9% of Freedom. ■

Connecticut's Citytrust Promotes Strait, Baird

BRIDGEPORT, Conn. — Charles M. Strait has been promoted to deputy chief lending officer of Citytrust. Mr. Strait, already a senior vice president, will oversee lending activities in the bank's eastern, northern, and central regions.

L. Kirk Baird, who joined Citytrust in April, has been appointed to succeed Mr. Strait as senior vice president and manager of the eastern region, with headquarters in the Gold Building in New Haven. ■

Dear Reader, How Are We Doing?

The American Banker wants very much to make sure its statistical listings for the financial services industry meet your information needs. So would you spend a moment to give us some feedback on the **Bank Performance Annual** survey that appears in today's edition? Please return this questionnaire to L. Michael Cacace, Statistical Chief, American Banker, One State Street Plaza, New York, N.Y. 10004 (212) 943-4836.

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(4.) **How** do you use this information in your work?

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(5.) What **new** statistical survey would you like to see?

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Quote

We're not smart enough yet to know what's been done wrong.

Citicorp executive James W. Johnston on the search for a videotex market. [32]

Unquote

Survey Finds Higher Income From Trusts at 100 Top Banks

By L. MICHAEL CACACE

NEW YORK — Trust income rose substantially at the top trust departments last year.

For the top 100 banks and trust companies, gross trust income jumped 17.3% in 1984, to $3.87 billion. In 1983, it was $3.3 billion, with the top 100 firms posting a record 27% gain in that year.

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The 1984 increase was attributable to three factors: higher prices for trust services; the growth in the value of managed assets; and the growth in the volume of agency services, which include the registration and the transfer of stocks and bonds, corporate trustee accounts, and custodial services.

Top 5 Trust Firms In 1984 Trust Income

(Millions)

1. J.P. Morgan & Co.	$248.80
2. Chase Manhattan Corp.	154.06
3. Bankers Trust New York Corp.	153.42
4. Bank of New York Co.	152.90
5. Citicorp	152.86

...from American Banker's Data Base

These are some of the findings in the *American Banker's* annual survey of the top 100 firms in trust assets and gross trust income, published today.

The rise in income was more than two and a half times greater than the

➳ Survey: Page 19

How Much Risk Is Too Much?

S&P's Worst-Case Scenario Tightens Standards for Guarantors

By LYNN BRENNER

Fifth of Five Parts

NEW YORK — The Standard & Poor's Corp. has been hard put to keep up with the extraordinary growth of the financial guarantee business. "We'd love the luxury of six months off from rating," says Robert Mebus, managing director in charge of its financial institutions/mortgage division.

S&P is the only entity that has been monitoring and setting standards for financial guarantors since the market began in 1971. The only other standard setter for the business even today is Moody's Investor Services, which began rating financial guarantors only last year.

S&P's position as de facto expert on the market has added to its workload. Its staff is now inundated by invitations to speak before regulators and financial services executives eager to learn about the business. "I'm making an average of a speech a week about it," says Mr. Mebus.

In between speaking engagements, S&P staff has worked hard. In the last year, the agency has revised its rating and monitoring criteria for financial guarantee insurers, begun applying the new standards to established guarantors, created a rating methodology for the many would-be insurers of corporate bonds eager to join the market, and become consultant to regulators who are only beginning to study this new market.

Despite this prodigious undertaking, S&P's scrutiny of the financial guarantee business is very limited. Its primary area of expertise is bond insurance — only one of the many kinds of guarantees now being sold. And it monitors only a small number of insurance companies now in the market — those that have obtained or applied for an AAA rating for claims-paying ability.

They include two types of compa-

➳ Guarantees: Page 6

Small Town Banker Creates New Vehicle For Loan Guarantees

By JOHN MORRIS

BROWN DEER, Wis. — When it comes to inventing financial guarantees, Wall Street has nothing on one small Wisconsin bank.

The independent Brown Deer Bank has created a unique vehicle for funneling money from pension funds and insurance companies into small growing businesses. Having found one way to tap this hitherto unapproachable source of funding, it is now looking at variations on the theme — which, ironically, lead it back into more traditional avenues of banking.

DEAN TREPTOW

Few would have imagined that innovation in investment banking could come from a small bank just north of Milwaukee. But 47-year-old Dean Treptow, president and 15% owner of the $53.8 million-de-

➳ Brown Deer: Page 9

4 Top Swappers Defect from First Chicago

Will Help Start New Division For Security Pacific Corp.

By LISABETH WEINER

CHICAGO — Four senior members of the interest rate swap team at First National Bank of Chicago have resigned to start up a new interest rate and currency swap division for the Security Pacific Corp.

Among those leaving is Jack Mullen, who had been vice president and head of corporate finance at First Chicago. Other members of Security Pacific's ready-built swap team are Denise Boutross and Michael Ford, who were in First Chicago's home office, and Kevin Callahan, who worked in First Chicago's London office, according to Michael Soden, deputy managing director of Security Pacific Ltd., London. Mr. Mullen, Mr. Ford, and Mr. Callahan will join Mr. Soden in London, while Ms. Boutross will be New York.

Sources said a fifth person is expected to resign from First Chicago to join Security Pacific later this summer.

Also joining Security Pacific will be Stephanie Warren, who will head up the New York office as senior vice president of Security Pacific Capital Markets. Ms. Warren resigned earlier this month from Citibank, which experienced an upheaval in its swap department last spring, when about 14 people left.

According to banking sources, the swap team's departure may have less to do with First Chicago than it does with Security Pacific. These senior swap experts were intrigued by the challenge of beginning a division from the ground up, sources say. "Challenge and the

➳ Swaps: Page 25

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